

Headquarters U.S. Air Force

Integrity - Service - Excellence



Business Case Analysis



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DAU**

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Overview

- **What is a Business Case Analysis (BCA)?**
- **Structure of a Business Case**
- **Business Case Example**
- **How to Market your Business Case**
- **Tools and Processes**
- **Summary**



What Is A Business Case?

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- **Tool that supports planning and decision-making**
 - **Answers questions such as “which vendor to choose or when to implement”**
- **Generally designed to find out the likely financial and other business consequences if we take this or that action (or decision)?**



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Structure of a Business Case Introduction & Overview

- **Title & Subtitle**
 - Identify the proposed action and general nature of the analysis
 - **Author**
 - Provide identity—improves credibility
 - **Date**
 - Show date(s) completed and submitted
 - **Subject**
 - Should be explicit - describing what the case is about
 - **Purpose**
 - Must be known and understood by case developer and audience
 - **Executive Summary**
 - Carefully prepared and formatted - describes case essentials
 - **Introduction**
 - Describes case setting and establishes reader expectations
-

I n t e g r i t y - S e r v i c e - E x c e l l e n c e



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Structure of a Business Case Assumptions and Methods

- **Financial Metrics**
 - **Decisions and plans should be based on specific measures**
- **Assumptions**
 - **BCAs require certain assumptions for one or more reasons:**
 - **Prediction - future financial results are based on factors that change over time: business volume, prices, salaries, organization's cost structure, etc**
 - **Simplification - when it is impossible or impractical to obtain exact figures: e.g. 100 clerical workers, it's difficult to factor each salary - average is used**
 - **Clarification - whenever you cannot take it for granted that any other person would make the same assumption automatically**
- **Scope & Boundaries**
 - **Scope - range of coverage encompassed by the case**
 - **Boundaries - provides rules for deciding which data belong in the case and which do not (e.g. time, geography/location, organization or function, technology, etc)**



Structure of a Business Case Assumptions and Methods

- **Scenario**
 - **A story showing one way that events might unfold**
 - **Built to find and make tangible every business impact we want to make (requires an abundance of assumptions)**
- **Cost Model**
 - **Identifies cost items that belong in the case**
 - **Assures everyone the database selection was unbiased and the scenarios are compared**
- **Benefits Rationale**
 - **Provides a basis for bringing business objective contributions into the business case**
- **Data Sources & Methods**
 - **Identify specific data sources**



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Structure of a Business Case Business Impacts

- **Financial Model**
 - **The centerpiece of the business case**
 - **Can be simple as a pie charts or complex as investment flow sheets and tables & graphs that show behavior of key variables, or relationships between them**
- **Investment Statement**
 - **The heart of the financial model and the business case**
 - **Shows cash inflows and outflows**
- **Analysis of Results**
 - **Compare results to other case scenarios and apply them to management decisions**
- **Non Financial Results**
 - **Record and make tangible**
 - **Compare to financial impacts in non financial terms**



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Structure of a Business Case Sensitivity, Risks, Contingencies

- **Sensitivity Analysis**
 - **Asks “What happens if the assumptions change?”**
- **Risk Analysis**
 - **Addresses questions of “how likely are financial results to achieve business case predictions”**
- **Contingencies & Dependencies**
 - **Key to making the BCA predictions come about**
 - **Reminds everyone that the case subject has business objectives; reaching objectives requires contributions from different**



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Structure of a Business Case Conclusions and Recommendations

- **Conclusions**
 - **State the case firmly; supports reasoning with evidence from preceding sections**
 - **All important decision criteria needed are presented and evaluated**
 - **Place to point out surprising or unexpected results**
- **Recommendations**
 - **Should be explicit and come at end of case report**
 - **Bring closure to the case**
 - **Remind audience the ball is in their court**



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Building a Business Case

Weapon System
Cost Baseline

1. Knowledge of Costs

- **AF Total Ownership Cost Data System**

ID High
Cost Drivers

Program Office

2. Develop Initiatives

Economic Analysis -

- **Investment/Savings**
- **NPV, Savings-Investment Ratio**
- **R-TOC Business Case Analysis (BCA) Template**

New Initiative
BCA

MAJCOM

Cost Savings
Modernization
Initiative

Corp AF

3. Implement Initiatives

Cost Savings Modernization Initiatives

- **MAJCOM Approved**
- **Corp AF Vetted**
- **He who invests, saves, reinvests (Waterfall)**

POM

C-5

	FY 2000 Obs	% of App
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\$1,339,989

FY 2000 Obs	% of App	% of TOC
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WEAPON SYSTEM R&D LINE	50,085	100.0%	3.7%
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RDT&E	50,085	3.7%
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AIRCRAFT WEAPON SYSTEM	-	0.0%	0.0%
MODIFICATION	63,167	87.7%	4.7%
COMMON SUPPORT EQUIPMENT	2,728	3.8%	0.2%
POST PRODUCTION SUPPORT	-	0.0%	0.0%
REPLENISHMENT SPARES	-	0.0%	0.0%
INITIAL SPARES	276	0.4%	0.0%
OTHER	5,856	8.1%	0.4%

CIVILIAN PERSONNEL	132,053	13.9%	9.9%
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DEPOT LEVEL REPAIRABLE (DLR)	230,210	24.3%	17.2%
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CONSUMABLES	66,812	7.1%	5.0%
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AVIATION FUEL	164,937	17.4%	12.3%
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DEPOT MAINTENANCE	211,849	22.4%	15.8%
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SUSTAINING ENGINEERING	9 160	1 0%	0 7%
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SOFTWARE MAINTENANCE	1,051	0.8%	0.0%

13

ACTIVE DUTY	202,557	74.7%	13.1%
AIR FORCE RESERVE	48,516	17.9%	3.6%

AIR NATIONAL GUARD	19,970	7.4%	1.5%
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CIVILIAN PERSONNEL	132,053	13.9%	9.9%
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FY 2000 Obligations \$\$\$	% of Category
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PAY & ALLOWANCE (EEIC 39X)	131,709	99.7%
OTHER ALLOWANCES (EEIC 38X)	344	0.3%
FOREIGN NATIONAL PAY (EEIC 51X)	-	0.0%

DLR-FLYING (EEIC 644)	230,176	100.0%
DLR-NON-FLYING (EEIC 645)	34	0.0%

SYSTEMS SUPPORT (EEIC 60502 & 60507)	-	0.0%
GENERAL SUPPORT (EEIC 60902 & 60907)	66,812	100.0%

SPECIAL AVFUELS (EEIC 690)	-	0.0%
AVIATION POL VARIANCES-AFRES (EEIC 691)	-	0.0%
AVIATION FUEL COSTS (EEIC 699)	164,937	100.0%

AIRCRAFT MAINTENANCE (EEIC 541)	104,659	49.4%
MISSILE MAINTENANCE (EEIC 542)	-	0.0%
ENGINE MAINTENANCE (EEIC 543)	107,166	50.6%
OTHER MAJ OR ITEM MAINTENANCE (EEIC 544)	9	0.0%
EXCHANGEABLE ITEM MAINT. (EEIC 545)	15	0.0%

MAINTENANCE BY CONTRACT (EEIC 583)	9,160	100.0%
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DEPOT MAINT BUSINESS (EEIC 540)	7,657	100.0%
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SPECIFIC SYSTEM -- CLS (EEIC 578)	926	11.8%
INFORMATION TECHNOLOGY (EEIC 582)	628	8.0%
ENGINEERING & TECH SERVICES (EEIC 584)	420	5.3%
CONTRACTOR LOGISTICS SUPPORT (EEIC 585)	-	0.0%
MISC. CONTRACTUAL SERVICES (EEIC 592)	5,901	74.9%

TDY, LEASED SPACE, RENTALS, COMM, ETC.	116,282	100.0%
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	0	-	0.0%
MISC. OTHER EEICs		-	0.0%

2 Cost Driver

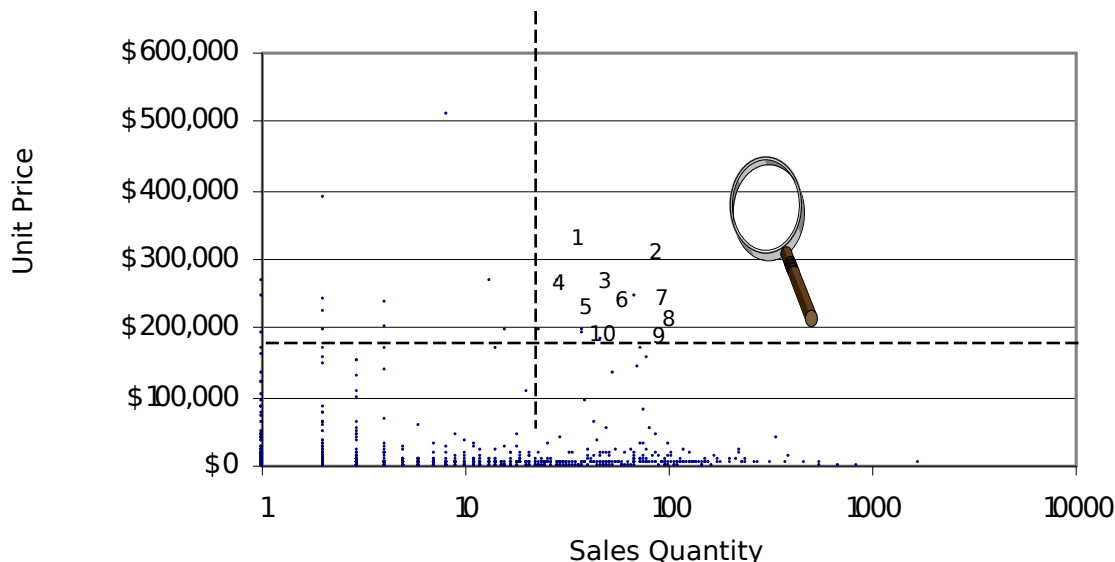
11



High Cost/High Demand Drivers

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C-5 A/C Example From AFTOC



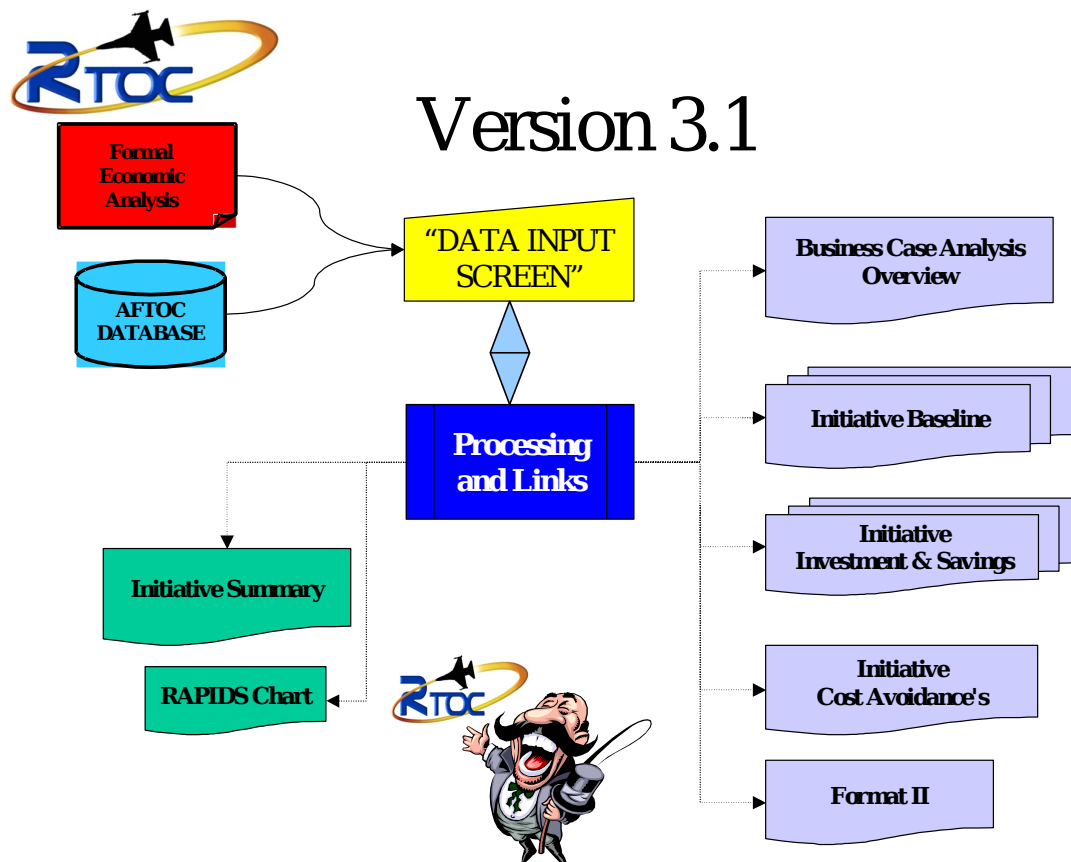
- Examine Upper Right Quadrant for High Leverage Cost Reduction Opportunities
- Pursuing 3rd Dimension to correlate w/ maintenance costs

Data Point	MD	NSN	Sales Qty	Unit Price	MSD Sales	Noun	End Item
1	C-5	2840014472512	28	\$269,277	\$7,539,767	ROTOR, COMPRESSOR,	ACFT ENG TF39 2J -TF39
2	C-5	1560004195879	68	\$244,114	\$16,599,770	THRUST REVERSER, AIR	C-5
3	C-5	2840013205345	38	\$195,933	\$7,445,454	NOZZLE ASSEMBLY, TUR	TF39 ACFT ENGINE,
4	C-5	2840010723526	23	\$195,933	\$4,506,459	VANE ASSEMBLY, FAN	TF39 ACFT ENG
5	C-5	2840012025327	37	\$190,432	\$7,045,970	CASE AND VANE ASSEMBLY	ACFT ENG TF39-GE1C
6	C-5	2840011997351	46	\$184,445	\$8,484,480	ROTOR, FAN, AIRCRAFT	TF39 ACFT ENG
7	C-5	2840014451881	72	\$170,216	\$12,255,527	NOZZLE ASSEMBLY, TUR	ACFT ENG TF39
8	C-5	2840012039530	77	\$158,748	\$12,223,624	VANE ASSEMBLY, FAN	ACFT ENG TF39-GE1C
9	C-5	1560006202517	70	\$141,993	\$9,939,502	COWLING	C-5
10	C-5	2840012163026	53	\$134,925	\$7,151,009	ROTOR, TURBINE, AIRCRAFT	TF39-GE-1C



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Business Case Analysis





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Historical AFTOC Data Pull


Weapon System	All Weapon System						
Command	All Command						
Appn	All Appn						
Budget Cycle	02 PB						
Program Element Code	All Program Element Code						
Obligations				Fiscal Year			
Level 02	Level 03	Level 04	Level 05	1997	1998	1999	2000
Financial Summary	RDT&E			3,956,499,440.12	4,022,841,464.86	3,350,605,045.47	4,044,988,327.45
	Procurement	Aircraft Weapon System		3,479,117,178.80	3,309,869,426.83	4,698,121,972.54	4,724,189,621.86
		Modifications		1,599,745,574.83	1,426,668,378.87	1,705,248,711.69	1,878,015,955.41
		Common Spt Equipment		172,182,564.70	143,994,828.28	141,658,227.23	152,100,662.30
		Post Production Support		82,203,630.60	45,313,616.48	273,962,483.04	145,544,492.71
		Replenishment Spares		94,673,816.74	56,840,030.45		
		Initial Spares		56,147,368.39	280,331,752.42	504,705,334.14	346,394,615.43
		Other Charges		384,056,569.96	424,112,454.40	394,314,251.24	527,697,917.64
	Procurement Total *			5,868,126,704.02	5,687,130,487.73	7,718,010,979.88	7,773,943,265.36
	O&M	Civilian Personnel	EEIC 383**	1,948,542.88	1,826,485.83	874,030.59	297,055.66
			EEIC 384**	2,798,527.41	3,676,876.52	3,486,942.98	2,627,432.00
			EEIC 385**		90.00	299,635.30	333,708.98
			EEIC 386**	27,362.53	25,838.69	22,091.68	27,536.18
			EEIC 391**	6,258,446.67	7,807,034.28	7,022,462.87	7,883,924.64
			EEIC 392**	1,323,916,645.11	1,336,436,999.64	1,363,405,354.82	1,426,419,066.96
			EEIC 393**	316,787,480.35	331,677,763.85	352,654,027.47	381,125,309.85
			EEIC 394**	192,587.49	471,158.10	388,864.40	425,900.15
			EEIC 395**	5,614,255.44	7,003,367.61	7,534,285.50	7,105,121.64
			EEIC 396**	5,785,537.50	6,336,134.91	6,594,831.18	6,908,131.49
			EEIC 397**	101,856.21	47,860.74	39,587.36	55,787.22
			EEIC 511**	1,331,393.05	1,258,668.38	1,285,794.84	1,455,490.39
			EEIC 515**	3,181.59			1,101.67
		Civilian Personnel Total *		1,664,765,816.23	1,696,568,278.55	1,743,607,909.00	1,834,666,566.83
		DLRs	EEIC 644**	1,790,402,678.55	2,241,996,417.76	2,711,758,777.25	2,759,108,985.00
			EEIC 645**	15,374,643.28	30,373,612.28	19,267,341.82	25,548,680.59
		DLRs Total *		1,805,777,321.83	2,272,370,030.04	2,731,026,119.07	2,784,657,665.59
		Consumables	EEIC 605**	159,964,489.63	194,599.51	43.60	967,017.46
			EEIC 609**	567,296,754.48	669,553,668.73	745,277,981.75	749,038,329.32
		Consumables Total *		726,261,244.11	669,748,268.24	745,278,025.35	750,005,346.78
		AV Fuel	EEIC 699**	2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00
		AV Fuel Total *		2,115,625,391.12	2,081,741,000.00	1,802,764,000.00	1,376,422,000.00
		Depot Maint	EEIC 541**	905,314,625.37	1,054,176,250.56	1,093,621,278.39	1,055,408,130.86
			EEIC 543**	425,259,514.13	595,641,045.29	537,550,602.53	477,069,308.72
			EEIC 544**	2,819,428.00	4,265,175.82	2,892,297.00	4,746,542.00
			EEIC 545**	8,223,672.00	5,370,157.00	9,512,768.00	8,771,974.00
		Depot Maintenance Total *		1,341,617,239.50	1,659,452,628.67	1,643,576,945.92	1,545,995,955.58




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The Comb Chart

Cost Profile in (Then Year) FY 00 \$K:				All Weapon System			
Total Ownership Cost (TOC) Baseline				\$30,684,267			
T O T A L O W N E R S H I P C O S T	Appropriation	In Thousands FY 00 Obligations	% of TOC	Category	In Thousands FY 00 Obligations	% of Appropriation	% of TOC
	RDT&E	\$4,044,988	13.2%	Enter Specific R&D Line Items	\$4,044,988	100.0%	13.2%
	PROCUREMENT	\$7,773,943	25.3%	WEAPON SYSTEM	\$4,724,190	60.8%	15.4%
				MODIFICATION	\$1,878,016	24.2%	6.1%
				COMMON SUPPORT EQUIPMENT	\$152,101	2.0%	0.5%
				POST PRODUCTION SUPPORT	\$145,544	1.9%	0.5%
				REPLENISHMENT SPARES	\$0	0.0%	0.0%
				INITIAL SPARES	\$346,395	4.5%	1.1%
				OTHER CHARGES	\$527,698	6.8%	1.7%
	OPERATIONS & MAINTENANCE	\$12,490,845	40.7%	CIVILIAN PERSONNEL	\$1,829,924	14.7%	6.0%
O W N E R S H I P C O S T			DEPOT LEVEL REPAIRABLE (DLR)	\$2,784,668	22.3%	9.1%	
			CONSUMABLES	\$750,005	6.0%	2.4%	
			AVIATION FUEL	\$1,376,422	11.0%	4.5%	
			DEPOT MAINTENANCE	\$1,545,996	12.4%	5.0%	
			SUSTAINING ENGINEERING	\$165,526	1.3%	0.5%	
			SOFTWARE MAINTENANCE	\$262,431	2.1%	0.9%	
			CONTRACT SERVICES	\$1,945,793	15.6%	6.3%	
			OTHER (EEICs not identified above)	\$1,830,090	14.7%	6.0%	
	MILITARY PERSONNEL	\$6,374,490	20.8%	ACTIVE DUTY	\$5,125,199	80.4%	16.7%
			AIR FORCE RESERVE	\$317,544	5.0%	1.0%	
		AIR NATIONAL GUARD	\$931,748	14.6%	3.0%		





Program POC:

name, phone, email address

AS OF:

Q3 - 2001 AFTOC Report

In Thousands		TOC
PAY & ALLOWANCE (EEIC 39X)	\$1,829,924	100.0% 6.0%
OTHER ALLOWANCES (EEIC 38X)	\$0	0.0% 0.0%
FOREIGN NATIONAL PAY (EEIC 51X)	\$0	0.0% 0.0%
DLR-FLYING (EEIC 644)	\$2,759,109	99.1% 9.0%
DLR-NON-FLYING (EEIC 645)	\$25,549	0.9% 0.1%
SYSTEMS SUPPORT (EEIC 60502 & 60507)	\$967	0.1% 0.0%
GENERAL SUPPORT (EEIC 60902 & 60907)	\$749,038	99.9% 2.4%
SPECIAL AVFUELS (EEIC 690)	\$0	0.0% 0.0%
AVIATION POL VARIANCES-APRES (EEIC 691)	\$0	0.0% 0.0%
AVIATION FUEL COSTS (EEIC 699)	\$1,376,422	100.0% 4.5%
AIRCRAFT MAINTENANCE (EEIC 541)	\$1,055,408	68.3% 3.4%
MISSILE MAINTENANCE (EEIC 542)	\$0	0.0% 0.0%
ENGINE MAINTENANCE (EEIC 543)	\$477,069	30.9% 1.6%
OTHER MAJOR ITEM MAINT. (EEIC 544)	\$4,747	0.3% 0.0%
EXCHANGEABLE ITEM MAINT. (EEIC 545)	\$8,772	0.6% 0.0%
DEPOT MAINT. BY CONTRACT (EEIC 560)	\$0	0.0% 0.0%
MAINTENANCE BY CONTRACT (EEIC 583)	\$165,526	100.0% 0.5%
DEPOT MAINT BUSINESS (EEIC 540)	\$262,431	100.0% 0.9%
SPECIFIC SYSTEM -- CLS (EEIC 578)	\$1,340,396	68.9% 4.4%
INFORMATION TECHNOLOGY (EEIC 582)	\$17,262	0.9% 0.1%
ENGINEERING & TECH SERVICES (EEIC 584)	\$15,964	0.8% 0.1%
CONTRACTOR LOG SPT (CLS) (EEIC 585)	\$0	0.0% 0.0%
MISC. CONTRACTUAL SERVICES (EEIC 592)	\$572,172	29.4% 1.9%
ETC.	\$1,830,090	100.0% 6.0%
User Specific EEIC	\$0	0.0% 0.0%



Weapon System Baseline

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c-130 spo		WEAPON SYSTEM BASELINE											
Program Office:		c-130 spo						AFTOC Data Sources Used:					
Program POC:		name, phone, email address						WSC:		c-130 spo			
Financial Year:		Data in ("THEN YEAR") Dollars (\$K):						OACs:		ALL			
AS OF:		Q4 - 2000						PECs:		ALL			
		Obligations			Current BA		Budget Authority from the most recent President's Budget						
	TITLE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07		
RDT&E		4,187	11,959	16,928	-	117,106	134,816	109,447	87,659	-	-	-	
	WEAPON SYSTEM R&D LINE	4,187	11,959	16,928	-	117,106	134,816	109,447	87,659	-	-	-	
PROCUREMENT		249,246	387,639	272,690	-	389,792	586,534	664,359	913,673	-	-	-	
	AIRCRAFT WEAPON SYSTEM	73,986	111,503	109,584	-	206,326	253,687	355,908	548,110	-	-	-	
	MODIFICATION	128,243	109,762	136,417	-	97,476	183,864	203,376	263,346	-	-	-	
	COMMON SUPPORT EQUIPMENT	7,187	7,261	7,433	-	17,187	17,188	42,363	42,987	-	-	-	
	POST PRODUCTION SUPPORT	-	-	-	-	1,361	1,362	1,367	1,369	-	-	-	
	REPLENISHMENT SPARES	4,257	-	-	-	-	-	-	-	-	-	-	
	INITIAL SPARES	14,560	66,428	3,298	-	15,010	26,140	36,324	49,390	-	-	-	
	OTHER	12,013	12,685	15,958	-	43,432	24,293	25,021	6,491	-	-	-	
OPERATIONS AND MAINTENANCE		1,292,658	1,245,181	1,431,596	-	1,353,231	1,381,139	1,421,846	1,454,115	-	-	-	
	CIVILIAN PERSONNEL	315,367	333,010	356,048	-	414,866	429,414	447,557	461,520	-	-	-	
	PAY & ALLOWANCE (EBC 39X)	313,286	331,818	354,245	-	414,035	428,580	446,912	460,858	-	-	-	
	OTHER ALLOWANCES (EBC 38X)	1,587	862	1,179	-	340	325	119	121	-	-	-	
	FOREIGN NATIONAL PAY (EBC 51X)	494	530	623	-	491	509	526	541	-	-	-	
	DEPOT LEVEL REPAIRABLE (DLR)	162,351	209,771	184,017	-	184,813	186,315	193,115	199,899	-	-	-	
	DLR-FLYING (EBC 644)	156,394	205,762	182,747	-	177,100	180,566	185,897	192,630	-	-	-	
	DLR-NON-FLYING (EBC 645)	5,956	4,009	1,270	-	7,713	5,749	7,118	7,268	-	-	-	
	CONSUMABLES	81,720	93,512	87,105	-	87,620	90,911	90,815	91,333	-	-	-	
	SYSTEMS SUPPORT (EBC 60502 & 60507)	35	-	1	-	333	338	345	352	-	-	-	
	GENERAL SUPPORT (EBC 60902 & 60907)	81,685	93,512	87,104	-	87,287	90,574	90,471	90,982	-	-	-	
	AVIATION FUEL	205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-	-	
	SPECIAL AVFUELS (EBC 690)	-	-	-	-	-	-	-	-	-	-	-	
	AVIATION POL. VARIANCES-AFRES (EBC 691)	-	-	-	-	-	-	-	-	-	-	-	
	AVIATION FUEL COSTS (EBC 699)	205,485	36,322	181,778	-	143,321	138,601	139,977	142,401	-	-	-	
	DEPOT MAINTENANCE	181,293	210,570	212,241	-	224,861	241,905	247,771	250,198	-	-	-	
	AIRCRAFT MAINTENANCE (EBC 541)	103,867	110,631	119,229	-	123,868	136,501	141,325	143,394	-	-	-	
	MISSILE MAINTENANCE (EBC 542)	-	-	-	-	-	-	-	-	-	-	-	
	ENGINE MAINTENANCE (EBC 543)	76,878	98,476	91,411	-	98,379	102,732	103,691	104,094	-	-	-	
	OTHER MAJOR ITEM MAINTENANCE (EBC 544)	93	530	843	-	1,794	1,836	1,897	1,827	-	-	-	
	EXCHANGEABLE ITEM MAINT. (EBC 545)	356	934	758	-	620	635	657	683	-	-	-	
	SUSTAINING ENGINEERING	11,459	9,782	8,371	-	10,263	10,532	13,380	14,602	-	-	-	
	MAINTENANCE BY CONTRACT (EBC 583)	11,459	9,782	8,371	-	10,263	10,532	13,380	14,602	-	-	-	
	SOFTWARE MAINTENANCE	23,722	36,082	32,164	-	34,147	35,335	35,867	35,668	-	-	-	
	DEPOT MAINT BUSINESS (EBC 540)	23,722	36,082	32,164	-	34,147	35,335	35,867	35,668	-	-	-	
	CONTRACT SERVICES	156,170	184,808	248,335	-	132,406	126,657	131,805	136,061	-	-	-	
	SPECIFIC SYSTEM -- CLS (EBC 578)	18,991	20,210	84,880	-	26,897	22,414	22,589	22,810	-	-	-	
	INFORMATION TECHNOLOGY (EBC 582)	1,530	1,945	504	-	3,281	3,428	3,497	3,567	-	-	-	
	ENGINEERING & TECH SERVICES (EBC 584)	609	861	863	-	1,456	1,473	1,495	1,517	-	-	-	
	CONTRACTOR LOGISTICS SUPPORT (EBC 585)	-	2,155	-	-	489	953	811	974	-	-	-	
	MSC. CONTRACTUAL SERVICES (EBC 592)	135,041	159,637	162,088	-	100,283	98,390	103,413	107,194	-	-	-	
	OTHER (EBCs not identified above)	155,083	131,324	121,537	-	120,934	121,468	121,557	122,432	-	-	-	
	TDV, LEASED SPACE, RENTALS, COMM., ETC.	155,083	131,324	121,537	-	120,934	121,468	121,557	122,432	-	-	-	
	MSC. OTHER EBCs	-	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	-	
	BASELINE COST	1,537,883	1,564,779	1,721,214	-	1,851,129	2,022,488	2,195,652	2,456,447	-	-	-	
	MILITARY PERSONNEL	678,596	717,880	778,688	-	832,431	856,579	884,417	910,549	-	-	-	
	ACTIVE DUTY	428,682	424,700	460,777	-	491,645	507,338	523,087	544,893	-	-	-	
	AIR FORCE RESERVE	79,222	81,153	89,210	-	113,501	115,957	117,597	119,524	-	-	-	
	AIR NATIONAL GUARD	170,691	212,027	229,681	-	227,286	233,284	243,733	246,131	-	-	-	
	BASELINE COST w/ MI Pers	2,215,679	2,282,659	2,499,882	-	2,683,560	2,878,067	3,080,869	3,365,986	-	-	-	



U.S. AIR FORCE

Initiative Summary

Air Force R-TOC Program Office														
Enter the Proposed Initiative Title														
Data in ("THEN YEAR") Dollars (\$K):														
Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment				-	-	-	-	-	-	-	-	-		-
Procurement Investment				-	-	-	-	-	-	-	-	-		-
O&M Investment				-	-	-	-	-	-	-	-	-		-
Total Investment				-	-	-	-	-	-	-	-	-		-
Savings				-	-	-	-	-	-	-	-	-		-
Cost Avoidance				-	-	-	-	-	-	-	-	-		-
Baseline	-	-	-	-	-	-	-	-	-	-	-	-		-
Remarks: as of: August 20, 1977 Mike Hayden, mthayden@tasc.com -- michael.hayden@pentagon.af.mil, 703-558-7400 X2826														
FY Date 2001														
Data in ("CONSTANT YEAR") Dollars (\$K):														
Appropriation Info	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	To Comp	TOTAL
RDT&E Investment				-	-	-	-	-	-	-	-	-		-
Procurement Investment				-	-	-	-	-	-	-	-	-		-
O&M Investment				-	-	-	-	-	-	-	-	-		-
Total Investment				-	-	-	-	-	-	-	-	-		-
Savings				-	-	-	-	-	-	-	-	-		-
Cost Avoidance				-	-	-	-	-	-	-	-	-		-
Baseline	-	-	-	-	-	-	-	-	-	-	-	-		-
NPV: Savings Only \$0.0 Savings+Avoidance \$0.0														
SIR: N/A N/A														
Risk Analysis Category HIGH SPO Approval Date: October 21, 1982														
Operating MAJCOM Coordination November 2, 1983 Funding Status: Funded														



Data Input Screen

Integrity - Service - Excellence



Sample RAPIDS Chart

U.S. AIR FORCE

Enter the Proposed Initiative Title														
BACKGROUND														
"ENTER A BRIEF DESCRIPTION OF THE INITIATIVE SUCH AS:"														
The recommended Alternative (Initiative 9999) is a														
ADJUSTMENT														
Savings from initiative will be realized by ...														
(The INITIATIVE POC must show specifically how savings will be tracked manually).														
FUNDING (\$M):							FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
CURRENT PROGRAM							0	0	0	0	0	0		
ADJUSTMENT							0	0	0	0	0	0	0	0
Revised PGM TOTAL							0	0	0	0	0	0	0	0
PROCUREMENT							MANPOWER							
FY 2002							FY 2003	FY 2004	FY 2005	FY 2006	FY 2007			
							OFFICER							
							ENLISTED							
							CIVILIAN							
IMPACTS:														
CINC IPL: (yes or no) DPG: (yes or no) APPG: (yes or no) MAJCOM Ranking #														
- Failure to fund this initiative will put this program at risk and will cause an increase of \$XXX in Annual O&S Cost														

CSMI-NAME OF INITIATIVE

BACKGROUND:

Initiative (replaces, avoids, upgrades, maintains, increases, decreases, etc --- three line description of the initiative and why it is needed.)

ADJUSTMENT:

Fixes (funds, increases, provides, offsets etc. This will be a two line description of the funding adjustment. Normally MAJCOMs will have one chart for the plus-up and one chart for the saving offset. Offset # minuses)

<u>FUNDING</u>	<u>02A2I450AN</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
<u>CURRENT PROGRAM</u>		6.1	2.5	7.3	0.0	0.0	0.0
<u>ADJUSTMENT</u>		43.5	12.4	-5.2	4.4	0.0	0.0
<u>REVISED PGM TOTAL</u>		49.6	14.9	2.1	4.4	0.0	0.0

<u>PROCUREMENT</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>MANPOWER</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Kit Buys <u>NT</u>	3	0	0	0	0	0	OFFICER	0	0	0	0	0	0
Kit Installs	0	3	0	0	0	0	ENLISTED	0	0	0	0	0	0
							CIVILIAN	0	0	0	0	0	0

IMPACTS:

CINC IPL: (yes or no) DPG: (yes or no) APPG: (yes or no) MAJCOM Ranking: #2 (AC2ISRC)

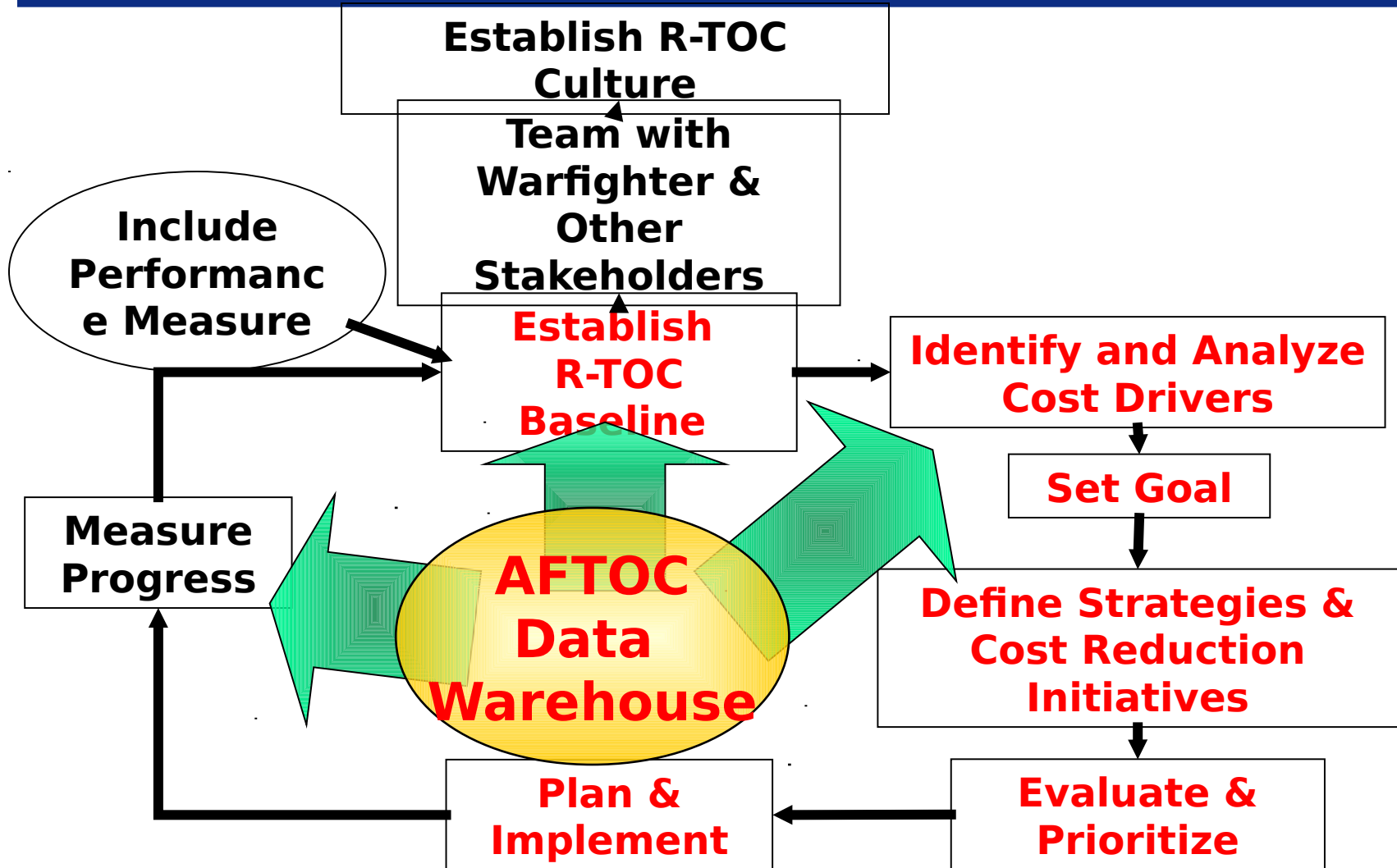
- Failure to complete puts..... at risk
- Full \$800M in life cycle costs saved (or avoided); replaces MIL SPEC with COTS, per SECDEF direction
- Increased mission readiness and CINC support; mission aircraft not used as substitute for lack of simulators, mission planning, database build, software development and maintenance
- Eliminates multiple configurations; increases acft availability and standardizes capability; keeps 20% of fleet from becoming logistically unsupportable



U.S. AIR FORCE

Tools & Processes

General R-TOC Process

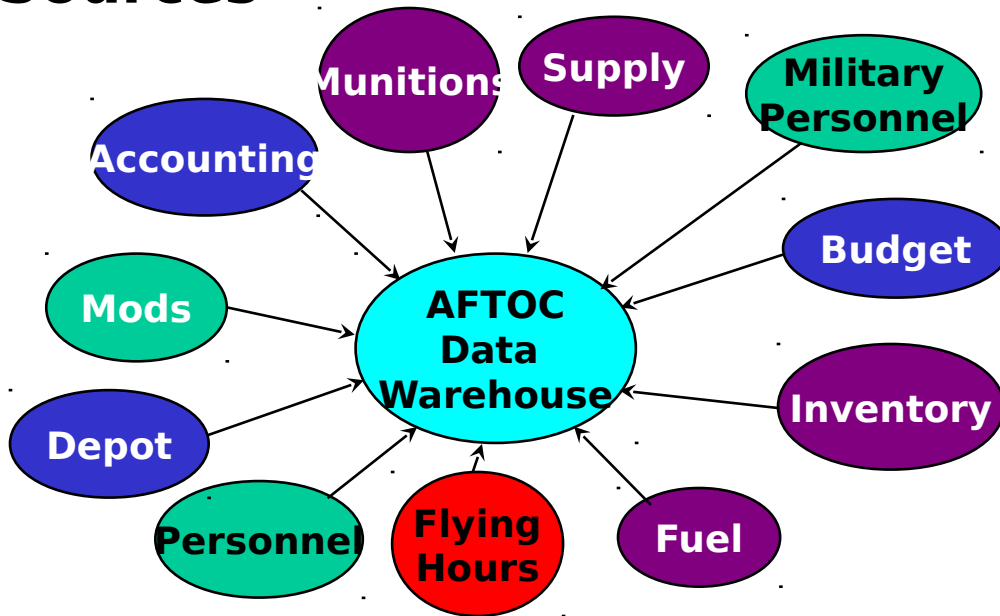




U.S. AIR FORCE

Tools & Processes AFTOC

Single Data Repository Combines Numerous AF Legacy Sources



- **Historical Costs From Actual Obligations and Outlays - All Appropriations**
- **Provide Routine, Timely Visibility Into Costs**
- **All Major Weapon Systems to Include Commodities**

A TOOL TO IMPLEMENT R-TOC
“Quicken” for the Air Force



Now You Have A Good Business Case - What Are Your Funding Vehicles?

U.S. AIR FORCE

1. Service Process

- **AF Warfighting Commands**

2. Supplemental Sources

- **Warfighter Rapid Acquisition Process (WRAP)**
- **Business Initiative Council (BIC)**
- **Advanced Concept Tech Demonstration (ACTD)**
- **Reduction in Total Ownership Cost (RTOC)**
- **Program Budget Decision (PBD)**
- **Investment Programs (Aging A/C, CIP, PRAM)**

Integrity - Service - Excellence



How to Market Your Business Case?

U.S. AIR FORCE

- **Savings vs. Avoidance (In a Budgetary Environment)**
- **Know Your Audience (AF Corp Structure)**
 - **Have to Sell to Your Audience**
 - **R&D Investment vs. O&M “Savings”**
 - **Assessment of Military Utility or Value**
 - **Cross Plot and Prioritize**
 - **Show a Strategy to Keep the “Savings”**
 - **Waterfall Charts**
 - **Show Specific Recommendations**
 - **Drive to Closure**



Summary

- **A Good Business Case:**
 - **Balance of Cost vs. Utility or “Warfighter” Value**
 - **Articulate Impact of Action vs. Inaction**
 - **Market to Your Audience**
 - **Bring it to Closure - The Ball is in Their Court**

Remember the Golden Rule!



U.S. AIR FORCE

Contact Information

- **Air Force RTOC** www.safaq.rtoc.hq.af.mil
- **Army RTOC** www.saalt.army.mil/armytoc/
- **Navy RTOC** www.ar.navy.mil/index.cfm
- **Air Force AFTOC** <https://aftoc.hill.af.mil>
- **IDA RTOC** <http://rtoc.ida.org>
- **Program Management Community of Practice**
www.pmcop.dau.mil/pmcop/